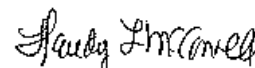


<p align="center">U. S. Department of Labor Employment and Training Administration Washington, D.C. 20210</p>	CLASSIFICATION UI/Benefit Pmt. Control
	CORRESPONDENCE SYMBOL OIS/OWS
	DATE February 9, 2001

DIRECTIVE : ET HANDBOOK NO. 401, 3RD EDITION, CHANGE 1

TO : ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM : for
LENITA JACOBS-SIMMONS
Deputy Assistant Secretary



SUBJECT : Benefit Payment Control – ETA 227 Report

1. Purpose. To transmit the revised ETA-227 Report, Overpayment Detection and Recovery activities, with revised reporting instructions; and inform State Employment Security Agencies (SESAs) of the date by which programming changes must be made.

2. Background. Over the past several years, comments were received from SESAs with suggestions for updating and improving the effectiveness of the ETA-227 Report. Based in part upon these recommendations, proposed changes to the ETA-227 Report were published in the *Federal Register* on June 9, 2000, Volume 65, No. 112, pages 36726-36727. Respondents commented favorably to the proposed changes. The changes were submitted to the Office of Management and Budget (OMB), and approval has been granted.

3. Report Changes. The extent of the changes has made it desirable to revise the instructions in their entirety. A listing of the changes follows:

Additions

- Overpayments established involving “Multi-Claimant Schemes”. (Section A)
- Totals for Controllable and Noncontrollable under Section B, “Overpayments Established - Methods of Detection.”
- Overpayments detected through the “New Hires” system. (Section B)
- Overpayments detected by “Special Projects” (new methodologies).
- Overpayments recovered - total. (Section C)
- Overpayments recovered by offset of State income tax refunds.
- Overpayments recovered *by* other States.
- Penalty and interest collected for Federal programs.
- Overpayments collected *for* other States.

Deletions

- Lines in Section B “Methods of Detection,” with insignificant activity, including “Verification of Low Earnings,” “Verification of Return to Work,” and “Quality Control.”
- Other lines in Section B that record activities for which States cannot exercise control over their incidence, and gathering data is of less value than that of other

RESCISSIONS	EXPIRATION DATE Continuing
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activities which have been added. These include "Employer Protest of Charges," "Tips and Leads," and "Other Noncontrollable Activities."

- Cells identifying *nonfraud* fictitious employer schemes. (Section B)
- All columns in Section C, "Recovery/Reconciliation" that pertain to the *number of cases*. (Only *dollar amounts* will be reported in the future.)

Other Modifications

- In Section A "Overpayments Established - Causes," the line for administrative penalty has been moved from under the subheading "Nonfraud" so that it stands alone.
- The order of Sections B and C has been reversed so that "Overpayments Established - Methods of Detection" precedes "Recovery/Reconciliation."
- In Section B "Overpayments Established - Methods of Detection," the lines have been reordered so that all controllable methods are grouped under the appropriate heading.
- In Section C "Recovery/Reconciliation," the line formerly identified as "Allowance for Doubtful Accounts" has been redefined, and data will be reported as "Receivables Removed at End of Report Period." (See definition.)

4. Effective Date. The revised reporting instructions will become effective beginning with the fourth quarter of Calendar Year 2001 (October 1, 2001 to December 31, 2001); the date the report is due in the National Office is February 1, 2002. SESAs are responsible to ensure that all necessary reprogramming is completed by September 30, 2001.

5. OMB Approval. These reporting requirements have been approved by the OMB under the Paperwork Reduction Act of 1995, OMB Approval No. 1205-0173, expiration date November 30, 2003. Persons are not required to respond to this collection of information unless it displays a current valid OMB control number. Respondents' obligation to reply to this reporting requirement is mandatory under Social Security Act Section 303(a)(6). Public reporting burden for this collection of information is estimated to average 14 hours per response, including gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of Workforce Security, Room S-4231, 200 Constitution Avenue, N.W., Washington, DC 20210 (Paperwork Reduction Project 1205-0173).

6. Handbook Maintenance.

Remove and Destroy

IV-3-1 - IV-3-22 (5/2000)

Replace

IV-3-1 - IV-3-16 (12/2000)

7. Action Required. SESA Administrators are requested to ensure that the necessary reprogramming is completed by September 30, 2001, in order to accommodate the transition to the revised report format.

8. Inquiries. Address all inquiries to the appropriate Regional Office.

9. Attachment. Pages IV-3-1 - IV-3-16 (12/2000)